



Thursday 3 November 2005

Betfair Australia applauds Tasmanian Government move to licence betting exchanges

Betfair and PBL today welcomed Tasmanian Premier Paul Lennon's announcement that his Cabinet had decided to introduce ground-breaking legislation next week to allow licensing of betting exchanges in Tasmania.

If passed, the legislation will enable the Betfair and PBL joint venture to apply for a licence to create the first betting exchange to operate in Australia, be regulated in Australia, and pay taxes in Australia.

"Betfair applauds the way the Government has dealt with our proposal. It has undertaken a rigorous and fair consultation process and seen through the scare tactics of our opponents. The Government has assessed our proposal on its merits, which is all we ever asked," said Edward Wray, co-founder of Betfair.

"Our proposal to establish Betfair Australia offers tremendous opportunities for Tasmania, will introduce much needed competition into the wagering market and will provide significant support for sport and racing across the nation."

"It is important that the racing industry prospers. Betfair's introduction into the Australian market will help improve racing's prosperity by attracting new punters to the sport and providing more benefits for existing punters."

James Packer, Executive Chairman of PBL said: "Many people are scared to embrace change but those who do inevitably reap the rewards. The Lennon Government is to be congratulated. Just like the AFL did for football, it sees the benefits that technological innovation will bring to the wagering market, and it is acting to secure those benefits for Tasmania."

"The financial guarantees we have offered are a strong sign of our confidence in both the Betfair business model and the business environment in Tasmania. We can build a partnership that creates jobs and helps secure the prosperity of racing in Tasmania.

"We are optimistic that members of both Houses of Parliament will appreciate the benefits to Tasmania of licensing Betfair Australia," Mr Packer said.

"We will continue to make ourselves available to members of both Houses of Parliament and the three racing codes to address aspects of our proposal and what it would mean for them if Betfair is granted a licence to operate in this State," Mr Wray said.

"Racing and sports regulators will rightly be pleased that the draft legislation will require betting exchange operators to make all betting records, including customer details, available to them in the event of an inquiry. Betfair has always wanted to provide that information lawfully and strongly supports the Government's proposed approach.

"The social welfare and player protection initiatives that are contained in the draft legislation are strongly supported by Betfair. We have a track record in the UK of leading the industry in terms of our approach to social welfare issues and we intend to build on that reputation, and continue that work, here in Australia," Mr Wray said.

Mr Packer said: "All in all, if the legislation is passed by the Tasmanian Parliament and Betfair Australia proceeds to obtain a licence, it will be a win-win situation. Tasmania will benefit, the racing industry will benefit, punters will benefit and Betfair Australia will benefit."

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Note to Editors:

BACKGROUND INFORMATION

1. Betfair is the world's leading betting exchange. The company is licensed as a bookmaker in the UK, having commenced operations there in June 2000.
2. A betting exchange operates the same way as a stock exchange. Using cutting-edge technology, Betfair allows punters to bet amongst themselves on pre-determined markets. Betfair generates revenue by charging commission of between 2 - 5% on a punter's net winning result on a particular market.
3. Betfair knows who each of its customers are as a result of its "100 point check" account opening procedure. Betfair does not accept cash and has no retail outlets.
4. Betfair matches around 12,000 bets per minute during busy periods – processing occurs in real time. 90% of bets are placed on line, the remainder are placed by telephone.
5. Betfair tracks and records all customer activity on its platform. It has information sharing agreements in place with racing and sporting regulators throughout the world to enable them to access customer identities and wagering data should they ever wish to investigate betting activity on a particular race or event. The regulators that have signed information sharing agreements with Betfair include:
 - The Jockey Club (UK racing) – June 2003
 - The ATP (men's professional tennis tour) – Sept 2003
 - The International Cricket Council – Jan 2004
 - The FA (English soccer) – March 2004
 - Cricket Australia – April 2004
 - The Jockey Club of South Africa – September 2004
 - The Rugby Football League (UK rugby league) – December 2004
 - UEFA (European soccer) – Jan 2005
 - The National Greyhound Racing Club (UK greyhounds) – Jan 2005
 - The Thoroughbred Racing Protective Bureau (US racing) – Mar 2005
 - The International Tennis Federation – Oct 2005
 - The Grand Slam Committee (tennis) – Oct 2005
 - The Lawn Tennis Association (ladies professional tennis tour) – Oct 2005
 - The AFL – Oct 2005
6. Betfair has received several awards including The Queen's Award for Enterprise in the Innovation category in 2003 and last year was named the Company of the Year by the Confederation of British Industry.
7. Betfair is seeking a licence to enable it to establish its second global hub in Australia – bringing with it more than 150 jobs and over \$10 million in technology investment. Betfair is currently in advanced discussions with the Tasmanian government with a view to establishing its operations in that State.
8. Betfair is a significant sponsor of racing in the UK – the fourth largest by number of races and the sixth largest by value. In addition, Betfair is sponsoring the richest ever bonus to be offered in UK racing – the Betfair Million is a prize of £1 million (A\$2.4 million) to the team behind any horse that wins the following three races:

- The Betfair Chase (19 November 2005)
- The King George VI Chase (26 December 2005)
- The Cheltenham Gold Cup (17 March 2006)

Betfair is committed to continuing its commitment to sponsorship of races and sporting events if it obtains a licence in Tasmania.